

**KENTUCKY PARTNERSHIP FOR FAMILIES  
AND CHILDREN, INC.**

**FINANCIAL STATEMENTS  
(Modified Cash Basis)**

**Year Ended June 30, 2014**

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**Independent Auditor's Report**

Board of Directors  
Kentucky Partnership for Families and Children, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Kentucky Partnership for Families and Children, Inc. (a non-profit organization), which comprise the statement of financial position – modified cash basis as of June 30, 2014, and the related statement of activities – modified cash basis, statement of functional expenses – modified cash basis and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Kentucky Partnership for Families and Children, Inc. as of June 30, 2014, and statements of activities, functional expenses, and cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of Kentucky Partnership for Families and Children, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kentucky Partnership for Families and Children, Inc.'s internal control over financial reporting and compliance.

*Tichenor & Associates, LLP*

Louisville, Kentucky  
November 13, 2014

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**STATEMENT OF FINANCIAL POSITION –  
MODIFIED CASH BASIS**

**June 30, 2014**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 30,331
Investments	21,434
	<u>51,765</u>
<b>FURNITURE AND EQUIPMENT</b> , at cost (Note 1)	35,147
Less accumulated depreciation	30,848
	<u>4,299</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 56,064</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Payroll benefits payable	\$ 151
<b>NET ASSETS</b>	
Unrestricted	24,827
Temporarily restricted (Note 4)	31,086
	<u>55,913</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 56,064</u></u>

The accompanying notes are an integral part of these financial statements.

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
Grants (Notes 1 and 2)	\$ 701,535	\$	\$ 701,535
Donations (Notes 1 and 4)	9,558	900	10,458
Fundraising events	3,278		3,278
Services (Note 4)	15,486	31,740	47,226
Interest income	147		147
Miscellaneous income	20		20
	730,024	32,640	762,664
Net assets released from restrictions (Note 4)	16,419	(16,419)	
Total revenues	746,443	16,221	762,664
<b>Expenses:</b>			
Program	685,622		685,622
Administrative and general	40,598		40,598
Total expenses	726,220		726,220
<b>Increase (decrease) in total net assets</b>	20,223	16,221	36,444
Net assets at beginning of year	4,604	14,865	19,469
Net assets at end of year	\$ 24,827	\$ 31,086	\$ 55,913

The accompanying notes are an integral part of these financial statements.

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES –  
MODIFIED CASH BASIS  
Year Ended June 30, 2014**

	<u>Program</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 321,768	\$ 15,196	\$ 0	\$ 336,964
Employee benefits	36,083	1,709		37,792
Payroll taxes	22,500	727		23,227
Other employee expenses	741			741
Independent contractors	17,600	2,728		20,328
Public awareness	4,414	262		4,676
Newsletters	6,064			6,064
Professional Fees	18,735	559		19,294
Copier	4,840	1,141		5,981
Insurance	13,707			13,707
Postage	2,417	145		2,562
Rent	9,795	1,005		10,800
Supplies	19,353	348		19,701
Telephone	4,399			4,399
Training	117,262	2,575		119,837
Travel	80,537	9,982		90,519
Utilities	5,407	22		5,429
Depreciation (Note 1)		4,199		4,199
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 685,622</u>	<u>\$ 40,598</u>	<u>\$ 0</u>	<u>\$ 726,220</u>

The accompanying notes are an integral part of these financial statements.

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS**

**June 30, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	36,444
Adjustments to reconcile change in net assets		
Depreciation		4,199
Increase/(decrease) in payroll taxes payable		269
Increase/(decrease) in payroll benefits payable		151
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<u>41,063</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

(Increase)/decrease in investments		(124)
<b>NET CASH (USED FOR) INVESTING ACTIVITIES</b>		<u>(124)</u>

**NET INCREASE/(DECREASE) IN CASH** 40,939

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** (10,608)

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 30,331

The accompanying notes are an integral part of these financial statements.

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2014**

**Note 1. Nature of Operations and Significant Accounting Policies**

**Nature of operations and mission:**

Kentucky Partnership for Families and Children, Inc. (KPFC) is a non-profit, children's mental health advocacy organization located in Frankfort, Kentucky. KPFC's vision is to improve the quality of life for children, youth and young adults facing emotional, social, and behavioral challenges. KPFC is dedicated to nurturing hope for futures through education to individuals, their families, the professionals that serve them, and the public; advocacy to improve outcomes and quality of life for children, youth, and young adults; and reaching out to groups that do not receive adequate services.

**Significant accounting policies:**

**Basis of accounting:**

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, KPFC has not recognized contributions receivable from donors nor accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. However, KPFC has shown depreciation for capitalized assets and liabilities for payroll taxes and benefits payable.

**Cash and cash equivalents:**

KPFC considers all monies in banks and highly liquid investments with a maturity of three months or less to be cash equivalents.

## NOTES TO FINANCIAL STATEMENTS

### **Investments:**

KPFC has invested in two certificates of deposit with the Farmer's Bank and Capital Trust Company, of Frankfort, KY. The certificates of deposit mature on March 10, 2015 and May 31, 2016. As of June 30, 2014, the value of the certificates of deposit was \$10,348 and \$11,086, respectively.

### **Furniture and equipment:**

Furniture and equipment are recorded at cost, if purchased, or at fair market value as of the date of donation, if donated. Depreciation is computed using straight-line method over the estimated useful lives of the related assets, which is currently five years for KPFC's furniture and equipment.

### **Donations:**

Donations other than cash are recorded at their fair market value as of the date of donation. Donated services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, KPFC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

### **Revenues:**

For the year ended June 30, 2014, approximately 98% of the KPFC's revenues were derived from grants and services contracts.

### **Functional allocation of expenses:**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

## NOTES TO FINANCIAL STATEMENTS

### Estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

### Note 2. Funding from Grant Awards

**Statewide Family Network Grants** – KPFC’s vision is to improve the quality of life for children, youth, and young adults facing emotional, social, and behavioral challenges and to encourage the healthy functioning of their families through education, advocacy, and outreach.

To carry out its vision, KPFC receives annual funding from the U.S. Department of Health and Human Services. For the period September 30, 2012 through September 29, 2013 KPFC was awarded \$70,000.

During the year ended June 30, 2014, KPFC received \$16,730 and expended \$16,203 from these awards.

**Children’s Service Block Grants** – To carry out its mission as a statewide advocacy and support organization for children and youth with severe emotional disturbances, including those with co-occurring substance abuse disorders, and their families, KPFC receives funding from the Kentucky Cabinet for Health and Family Services passed through from the U.S. Department of Health and Human Services.

For the period July 1, 2012 through June 30, 2014, KPFC was awarded a total of \$316,000, composed of two awards of \$286,000 and \$30,000.

During the year ended June 30, 2014, KPFC received a total of \$172,667 and expended \$160,357 from these awards.

**System to Enhance Early Development (SEED)** – The Kentucky Cabinet for Health and Family Services provides funding passed through from the U.S. Department of Health and Human Services to provide community-based systems of care for Kentucky children and youth with severe emotional disturbances and their families.

For the period July 1, 2012 through June 30, 2014, KPFC was awarded \$704,755.

## NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 2014, KPFC received \$319,593 and expended \$316,476 from this award.

**Federal KY Adolescent Treatment Enhancement and Dissemination Grant (KAT-ED)** – The Kentucky Cabinet for Health and Family Services provides funding passed through from the U.S. Department of Health and Human Services to implement screening, assessment, treatment and continuing care recovery services for youth with substance abuse disorders and mental health disorders.

For the period July 1, 2012 through June 30, 2014, KPFC was awarded \$90,130.

During the year ended June 30, 2014, KPFC received \$56,763 and expended \$59,063 from this award.

**Transformation Transfer Initiative (TTI) – Expanding Access to Evidence-Based Practices for Kentucky’s Young Children in Child Care Funds** – The Kentucky Cabinet for Health and Family Services provides agency funds to increase access to needed behavioral health services and support.

For the period July 1, 2012 through June 30, 2014, KPFC was awarded \$123,200.

During the year ended June 30, 2014, KPFC received \$56,885 and expended \$67,113 from this award.

**Federal Kentucky Initiative for Collaborative Change (KICC)** – The Kentucky Cabinet for Health and Family Services provides agency funds to assist DBHDID (Department for Behavioral Health, Developmental and Intellectual Disabilities) in the planning, implementation, and evaluation of the Kentucky Initiative for Collaborative Change Cooperative Agreement.

For the period July 1, 2012 through June 30, 2014, KPFC was awarded \$150,000.

During the year ended June 30, 2014, KPFC received \$78,896 and expended \$55,566 from this award.

### **Note 3. Leases**

On June 1, 2004, KPFC entered into a one-year operating lease for its office space requiring monthly payments of \$600. The lease also requires KPFC to pay for its utilities and insurance costs. Subsequent to May 31, 2005, KPFC entered into a month to month operating lease for its office space requiring monthly payments of \$600. During August 2011, KPFC acquired additional office space on the second floor of the building they currently occupy. Required monthly payments increased to \$900. Rent expense for the year ended June 30, 2014 was \$10,800.

## NOTES TO FINANCIAL STATEMENTS

**Note 4. Changes in Temporarily Restricted Net Assets**

Changes in temporarily restricted net assets during the year ended June 30, 2014, were as follows:

	Balance 6-30-13	Restricted Funds Received	Released from Restrictions	Balance 6-30-14
Funds restricted for:				
Teen Social Club	\$ 1,046	\$	\$ 433	\$ 613
Cope House	3,894	24,240	11,350	16,784
Youth/Parent Conference	529	900		1,429
Youth Leadership	9,396	7,500	4,636	12,260
	\$ 14,865	\$ 32,640	\$ 16,419	\$ 31,086

**Note 5. Income Taxes**

KPFC is exempt from federal, Kentucky and local income taxes as a non-profit organization under Internal Revenue Code Section 501(c)(3).

**Note 6. Subsequent Event Policy**

KPFC has evaluated events and transactions through November 13, 2014, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA #</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Grant:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5HR1SM059865-03	\$ 16,203
Pass-through Kentucky Cabinet for Health and Family Services:			
Block Grant for Community Mental Health Services	93.958 *	729 1200001139 4	145,139
Block Grant for Prevention and Treatment of Substance Abuse	93.959	729 1200001139 4	15,218
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104 *	729 1200001139 4	316,476
Federal KY Adolescent Treatment Enhancement and Dissemination	93.243	729 1200001139 4	59,063
Federal Kentucky Initiative for Collaborative Change	93.243	729 1200001139 4	<u>55,566</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 607,665</u></b>

\*Denotes major program

See Notes to the Schedule of Expenditures of Federal Awards

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2014**

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Kentucky Partnership for Families and Children, Inc. under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Kentucky Partnership for Families and Children, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kentucky Partnership for Families and Children, Inc.

**Note B – Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles of Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

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**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Board of Directors  
Kentucky Partnership for Families and Children, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kentucky Partnership for Families and Children, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kentucky Partnership for Families and Children, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Partnership for Families and Children, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kentucky Partnership for Families and Children, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tichenor & Associates, LLP*

Louisville, Kentucky  
November 13, 2014

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**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by OMB Circular A-133**

Board of Directors  
Kentucky Partnership for Families and Children, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Kentucky Partnership for Families and Children, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Kentucky Partnership for Families and Children, Inc.'s major federal programs for the year ended June 30, 2014. Kentucky Partnership for Families and Children, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each type of Kentucky Partnership for Families and Children, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kentucky Partnership for Families and Children, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each federal program. However, our audit does not provide a legal determination of Kentucky Partnership for Families and Children, Inc.'s compliance.

## **Opinion on Each Major Program**

In our opinion, Kentucky Partnership for Families and Children, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Report on Internal Control over Compliance**

Management of Kentucky Partnership for Families and Children, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kentucky Partnership for Families and Children, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kentucky Partnership for Families and Children, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Tichenor & Associates, LLP*

Louisville, Kentucky  
November 13, 2014

**KENTUCKY PARTNERSHIP FOR FAMILIES AND CHILDREN, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

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Section I - Summary of Auditor's Results

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**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes  X  no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major programs:

Material weakness identified? \_\_\_\_\_ yes  X  no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes  X  no

Programs tested as major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.958	Block Grant for Community Mental Health Services
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances

Dollar threshold used to distinguish between Type A and B Programs: \$ 300,000

Auditee qualified as low-risk auditee? yes  X  no

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Section II - Financial Statement Audit Findings

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No matters were reported.

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Section III - Major Federal Programs Audit Findings

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No matters were reported.